

SENATE BILL 1270

By Ramsey

AN ACT relative to TennCare, to amend related provisions of Tennessee Code Annotated, and to make appropriations for the purpose of defraying the expenses of TennCare for the fiscal years beginning on July 1, 2004, and July 1, 2005. This act makes appropriations for the purposes described above for the fiscal years beginning July 1, 2004, and July 1, 2005.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Appropriations hereinafter set out are hereby made for the purpose of defraying the expenses of the TennCare Program for the fiscal year beginning July 1, 2005, according to the following schedule:

Department of Finance and Administration – TennCare Program

(1)	TennCare Administration.....	\$ 92,295,900.00
(2)	TennCare Services.....	1,691,033,400.00
(3)	Waiver and Crossover Services.....	258,293,800.00
(4)	Long Term Care Services.....	448,422,400.00

Total \$2,490,045,500.00

SECTION 2. The departmental revenues and federal aid funds appropriated under this act shall include the amounts hereinafter set out:

Department of Finance and Administration – TennCare Program

(1)	TennCare Administration.....	\$ 121,052,100.00
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(2)	TennCare Services.....	3,974,855,900.00
(3)	Waiver and Crossover Services.....	460,508,600.00
(4)	Long Term Care Services.....	811,180,300.00
	Total	\$ 5,367,596,900.00

SECTION 3. From the funds appropriated to the TennCare program, the state shall comply with applicable federal law.

SECTION 4. The appropriations made by this section shall be subject to the following provisions, limitations, or restrictions:

Item 1. From state funds appropriated elsewhere in this act to defray the cost of the TennCare program, a sum sufficient shall be earmarked and allocated for the sole purpose of contracting with an outside vendor to electronically verify the accuracy and completeness of the TennCare database of enrollee names, places of residence, social security numbers, and death information. Such contract shall require the outside vendor to initially match the entire TennCare enrollee file against the vendor's database.

On or before December 31, 2005, the TennCare Bureau shall submit a written report to each member of the General Assembly summarizing the outside vendor's findings as well as improvements in the accuracy and completeness of the TennCare enrollee database directly resulting from the implementation of the provisions of this item.

SECTION 5. The commissioner of finance and administration is authorized to make the following transfers from the appropriations made in this act:

Item 1. To the Department of Finance and Administration, TennCare Program in Section 1, Title III-25, and to adjust federal aid and other departmental revenue accordingly.

SECTION 6. The provisions of this section shall take effect upon becoming law, the public welfare requiring it. There is hereby appropriated from departmental revenues and federal aid funds the amounts hereinafter set out:

Finance and Administration – TennCare Program

(1) TennCare Services	\$1,500,000	\$15,000,000
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SECTION 7. The provisions of this section shall take effect upon becoming a law, the public welfare requiring it.

Item (1) From the appropriation made in Section 1, Title III-25, TennCare Program, the sum of \$1,000,000 is intended to provide funding for fraud and abuse investigations in the TennCare program, prosecutions resulting therefrom and to fund assistance in this effort from the district attorney general's conference and the district public defenders conference. The Commissioner of Finance and Administration is authorized to make appropriation transfers, establish positions and adjust departmental revenue estimates to implement the activity. Prior to any adjustments in accordance with this item, the Commissioner of Finance and Administration shall report to the chairs of the Senate and House Finance, Ways and Means Committees and to the Office of Legislative Budget Analysis the amount of any appropriation transfer, departmental revenue adjustments and positions to be established by judicial district.

Item (2). The Commissioner of Finance and Administration is authorized to transfer all federal and state health care funds, except those funds appropriated to support the State Group Insurance Program, the Local Education Insurance Program and the Local Government Health Insurance Program, to the TennCare Program for the purpose of implementing any program approved by waiver, state plan amendment and/or state and federal legislation pursuant to the provisions of health care services to Tennesseans designated as eligible by TennCare. In addition, any premiums collected by the TennCare Program are explicitly authorized to be appropriated to the program for the purpose of carrying out the provisions of TennCare.

The Commissioner of Finance and Administration is further authorized to transfer state funds and positions, as required, between TennCare and Mental Health services; Mental Retardation services; other Health services; Children's Services; Human Services; and Commerce and Insurance, Division of TennCare Oversight.

Item (3) For fiscal year 2005-2006, in addition to all other appropriations to the TennCare Program, the Commissioner of Finance and Administration is authorized to use certified public expenditures and/or intergovernmental transfers from all government-related TennCare service providers and local governments for the purpose of matching funds under federal law for the TennCare Program. The use of the certified public expenditures and/or intergovernmental transfers shall be in accordance with federal law and regulations.

Item (4) Subject to the availability of funding at June 30, 2004, the Commissioner of Finance and Administration is authorized to carry forward into the fiscal year

beginning July 1, 2005, any unexpended balances of appropriations made under Chapter 356, Public Acts of 2003, for TennCare and such funds as are carried forward are hereby reappropriated to be expended in the 2005-2006 fiscal year.

Item (5) Subject to the availability of revenue from intergovernmental transfers, there is hereby appropriated to TennCare a sum sufficient in the fiscal year ending June 30, 2006, for Nursing Facility Disproportionate Share Payments, incentive payments to local governments, an increase in payments to Level I and Level II facilities to the 65th percentile, and to the TennCare Reserve. It is the intent that the Long Term Care Global Budget for fiscal year 2005-2006 be increased for such payments.

Item (6) The Commissioner of Finance and Administration is hereby authorized to expend or lend from the funds appropriated such sums as the Commissioner deems appropriate to assist TennCare HMO(s) in their operations and obtain services from contractors, consultants, and other third parties to give such assistance, such being determined by the General Assembly to be for a public purpose. The commissioner shall provide prompt notification to the Speakers of the Senate and House of Representatives and to the Chairs of the Finance, Ways and Means Committees regarding any such expenditure or loan with complete details of the amounts and recipients involved in such transactions.

Item (7) The Commissioner of Finance and Administration and the TennCare Bureau shall provide quarterly reports to the Fiscal Review Committee regarding the expenditures of all base and improvement funds made available by the provisions of this act for the TennCare managed care program. Such reports shall include, but not be limited to, a detailed accounting of the timeliness and amounts of the following types of payments: (1) enhanced payments to

providers; (2) essential provider payments; (3) monthly third-party contractor payments; and (4) any expenditures or loans made by the Commissioner of Finance and Administration to or for the benefit of any TennCare MCO to assist in its operations or obtain services from contractors, consultants, and any other third party. Such reports shall also include any other information requested by the Chair of the Fiscal Review Committee.

No incentives shall be given to MCOs to join or remain in the TennCare Program until fifteen (15) days written notice detailing the proposed incentives have been provided to the Fiscal Review Committee.

Item (8) The Commissioner of Finance and Administration is hereby authorized to adjust revenue estimates and related expenditures in Section 4, Title III-24, related to premiums and drug rebates for the purpose of carrying out the provisions of TennCare.

Item (9) From the funds appropriated in Section 1, Title III-25, to the TennCare Programs and subject to the availability of revenue from intergovernmental transfers, there is hereby allocated, from said revenues, \$971,600 in the fiscal year ending June 30, 2005, for the purpose of continuing the Behavioral Unit pilot program as recommended by the State Mental Health Task Force. The pilot program will be limited to a total of 150 beds for the life of the three year pilot which began July 1, 2002. The Commissioner of Finance and Administration is authorized to adjust federal aid accordingly.

Item (10) The Commissioner of Finance and Administration is authorized to impose service limitations, to reduce optional eligibility categories, mandate

standardized reimbursement levels, and/or reduce, or limit, optional benefits in the TennCare program as necessary to control program expenditures in the fiscal year ending June 30, 2005, and June 30, 2006.

Item (11) To the TennCare program the sum of \$627,500 to improve the percentage of children receiving EPSDT services. There is further appropriated the sum of \$2,510,200 for the program in the fiscal year beginning July 1, 2005. The Commissioner of Finance and Administration is authorized to adjust departmental revenue estimates in TennCare and the Department of Health and to establish 44 full-time positions in the Department of Health.

SECTION 8. In addition to the appropriations made in Section 1, the following appropriations are made in the fiscal year beginning July 1, 2005:

Item (1) To the Department of Human Services \$4,520,900 to establish a call center. The Commissioner of Finance and Administration is authorized to allocate this appropriation between Human Services and TennCare, to adjust departmental revenues and to establish additional authorized positions.

Item (2) To TennCare the sum of \$496,600 to fund the TennCare appeals unit in the Department of Human Services. The Commissioner of Finance and Administration is authorized to adjust departmental revenues accordingly, to transfer positions from TennCare to Human Services and to establish 62 full-time positions in Human Services.

Item (3) To TennCare the sum of \$50,000 to fund the cost of meetings of the

TennCare Foundation and the TennCare Advisory Commission.

Item (4) To TennCare the sum of \$38,300.

Item (5) To TennCare the sum of \$581,000.

Item (6) To TennCare the sum of \$319,700.

Item (7) To TennCare the sum of \$35,300,000 for the purpose of making essential access hospital provider payments. To the extent that federal matching funds are available for all of the funds appropriated by this item, the payments will be divided into the following funding pools: (a) essential service safety net hospitals \$50 million; (b) children's safety net hospitals \$5 million; (c) free standing psychiatric hospitals \$2 million; and (d) other essential acute care hospitals \$43 million. The Commissioner of Finance and Administration shall utilize a payment methodology that considers both TennCare utilization as a percent of total utilization as well as charity, medically indigent care, and bad debt expenses as a percent of total expenses. The formula that determines the distribution of funds within these pools will be similar to the formula utilized for the payments made in FY 2001. In order for a hospital to qualify for a payment in the essential service safety net pool, the children's safety net pool and the other essential acute care pool, the hospital must be a contracted provider with TennCare Select and, where available, at least one other Managed Care Organization in the TennCare program. In order for a free standing psychiatric hospital to qualify for a payment, the hospital must be a contracted provider with one of the Behavioral Health

Organizations. Payments made to essential providers pursuant to this item shall be made quarterly.

SECTION 9. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 10. This act shall take effect upon becoming a law, the public welfare requiring it.